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UNS Gas' most-recently completed monthly informational filing indicates that the over-collection threshold has been exceeded. Specifically, UNS Gas' June 5, 2007 monthly informational filing indicated an over-collected bank balance of \$5,057,133.30 existed as of

1 March 31, 2007, exceeding the current \$4,450,000 threshold level for filing this application.¹

2 **II. UNS GAS' RECOMMENDATION THAT THE PGA RATE REMAIN**
3 **UNCHANGED.**

4 Despite the over-collected balance, UNS Gas believes a PGA rate adjustment is not
5 necessary at this time. The projected bank balance is forecast to become under-collected this
6 coming winter. Exhibit A, "Projected PGA Bank Balance", attached hereto and incorporated
7 herein by reference, illustrates UNS Gas' projected PGA bank balance through December 2010.
8 As shown, the bank balance reaches its maximum over-collected level in July of 2007 and then
9 changes rapidly for the next few months, building up an under-collected balance at the end of this
10 winter. If the PGA rate is adjusted at this time, it will unduly increase this amount of under-
11 collection. UNS Gas will notify the Commission in the event a change in natural gas prices causes
12 it to modify its current opinion regarding a PGA rate adjustment.

13 **III. CONCLUSION.**

14 UNS Gas believes it is in the public interest to keep the PGA rate unchanged and address
15 the over-collected bank balance threshold in the UNS Gas rate case.

16 WHEREFORE, for all the forgoing reasons, UNS Gas requests that its PGA rate remain
17 unchanged at this time.

18 RESPECTFULLY SUBMITTED this 18th day of July 2007.

19 UNS Gas, Inc.

20 By 

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24 Attorney for UNS Gas, Inc.

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26 ¹ In the recent UNS Gas rate case filing (Docket No. G-04204A-06-0463), the Company is requesting that the
27 threshold level of \$6,240,000 for under-collected bank balances, established in Decision No. 68325, be adopted as the
threshold level for over-collected bank balances as well. RUCO has agreed with this recommendation and Staff has
recommended a \$10 million threshold for over-collected bank balances.

1 Original and 13 copies of the foregoing
2 filed this 18th day of July 2007 with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered/mailed
8 this 18th day of July 2007

9 Chairman Mike Gleason
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Commissioner William A. Mundell
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

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By: Mary Spallato

EXHIBIT

"A"

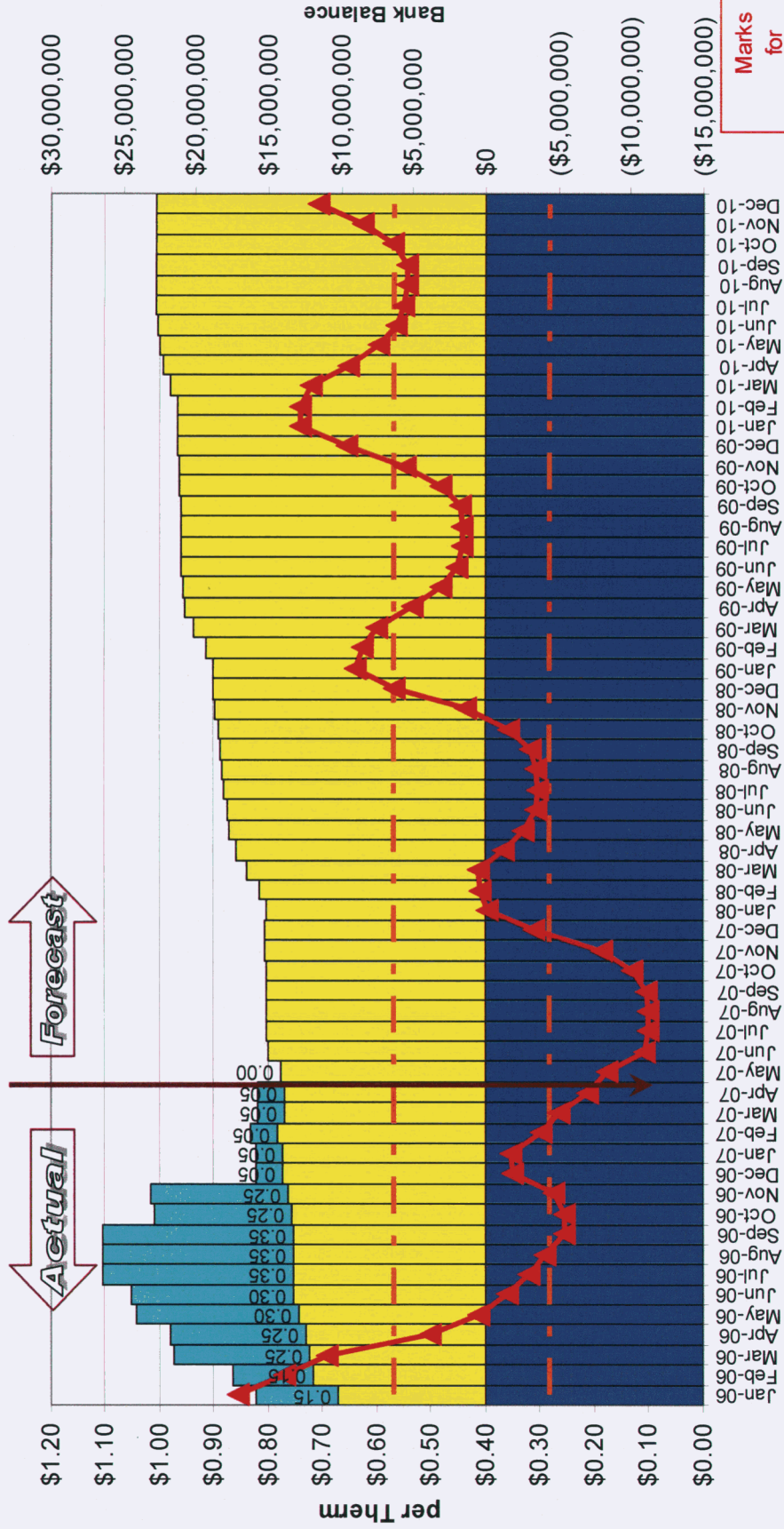
Projected PGA Bank Balance

Prices vs Mkt 100%
 Sales vs Fcst 100%

PGA Surcharge
 Current Forecast

PGA Factor
 Lwr Bank Bal Thrshld

Base Rate
 Upr Bank Bal Thrshld



Marks for 07/12/07